

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0372-09
Bill No.: Truly Agreed To and Finally Passed SS #2 for HB 34
Subject: Labor and Industrial Relations Department; Education, Elementary and Secondary
Type: Original
Date: May 29, 2013

Bill Summary: This proposal modifies prevailing wage laws.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on Other State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on FTE	0	0	0

- Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).
- Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Labor and Industrial Relations, Office of Administration - Division of Facilities Management, Design and Construction, Linn State Technical College, University of Missouri System, University of Central Missouri, Kansas City Metropolitan Community College, and Saint Louis County** each assume the proposal would not fiscally impact their respective agencies.

Officials from the **Department of Conservation** assume this proposal has an unknown fiscal impact, but would likely be less than a \$100,000 positive fiscal impact due to a potential reduction in the cost of construction projects.

Since the definitions of “construction” and “maintenance work” remain unchanged in statute, and based on responses from other agencies, **Oversight** assumes there are no longer potential savings on public works construction projects and, for fiscal note purposes only, will show no fiscal impact.

In response to SS #2 for HB 34, officials from **Missouri State University** assumed the proposal would have no fiscal impact on their university.

Officials from the **Department of Transportation** did not respond to a request for fiscal impact.

Officials from the following counties: Andrew, Audrain, Barry, Bates, Boone, Buchanan, Callaway, Camden, Cape Girardeau, Carroll, Cass, Clay, Cole, Cooper, DeKalb, Franklin, Greene, Holt, Jackson, Jefferson, Johnson, Knox, Laclede, Lawrence, Lincoln, Marion, Miller, Moniteau, Monroe, Montgomery, New Madrid, Nodaway, Ozark, Perry, Pettis, Phelps, Platte, Pulaski, Scott, St. Charles, St. Francois, Taney, Warren, Wayne and Worth did not respond to **Oversight’s** request for fiscal impact.

Officials from the following colleges: Crowder, Harris-Stowe, Jefferson College, Northwest Missouri State University, Missouri Southern State University, Missouri Western State University, Southeast Missouri State University, State Fair Community College, St. Charles Community College, Three Rivers Community College and Truman State University did not respond to **Oversight’s** request for fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small business is expected.

FISCAL DESCRIPTION

This bill changes the way that the Department of Labor and Industrial Relations (DOLIR) determines the prevailing hourly rate of wages on public work projects. In its main provisions, the bill:

- (1) Defines "adjacent county," "collective bargaining agreement," "labor organization" or "union," and "previous six annual wage order reporting periods" as they relate to prevailing wages on public works projects;
- (2) Repeals the provisions regarding irrevocable contributions made by contractors and subcontractors to a trustee or third person of a fund, plan, or program;
- (3) Requires DOLIR to accept and consider information regarding local wage rates that is submitted in an electronic or paper format;
- (4) Specifies that for construction work other than work for the Missouri Highways and Transportation Commission within the Department of Transportation, the prevailing rate for an occupational title in a locality, other than third and fourth classification counties and Newton County, will be the wage rate that DOLIR determines to be the most commonly paid, as measured by the number of hours worked at each wage rate for that occupational title in the locality. When wages have not been reported, DOLIR must ascertain and consider the wage rates established by collective bargaining agreements, if any;

FISCAL DESCRIPTION (continued)

(5) Specifies that for construction work other than work for the Missouri Highways and Transportation Commission within the Department of Transportation:

(a) The prevailing rate for an occupational title in a locality in third and fourth classification counties and Newton County will be determined after considering the total number of hours worked for the time period in that occupational title that are not paid pursuant to a collective bargaining agreement and the total number of hours worked that are paid pursuant to a collective bargaining agreement. If the total number of hours that are not paid pursuant to a collective bargaining agreement in the aggregate exceeds the total number of hours that are paid pursuant to a collective bargaining agreement in the aggregate, the prevailing rate will be the wage most commonly paid that is not paid pursuant to a collective bargaining agreement as measured by the number of hours worked at that wage rate for that occupational title in the locality. If the total number of hours that are paid pursuant to a collective bargaining agreement in the aggregate exceeds the total number of hours that are not paid pursuant to a collective bargaining agreement in the aggregate, the prevailing rate will be the wage most commonly paid that is paid pursuant to a collective bargaining agreement as measured by the number of hours worked at that wage rate for that occupational title in the locality; and

(b) If no work has been performed within a particular occupational title during the reporting period in the locality at any wage rate, the prevailing rate for that occupational title will be determined as follows:

(i) If wages were reported for an occupational title within the previous six annual wage order reporting periods and the prevailing wage rate was determined by hours worked pursuant to a collective bargaining agreement in the most recent annual wage order reporting period where wages were reported, then the current collective bargaining agreement wage rate will be the prevailing wage rate for that occupational title in that locality;

(ii) If wages were reported for an occupational title within the previous six annual wage order reporting periods, and the prevailing wage rate was not determined by hours worked pursuant to a collective bargaining agreement in the most recent annual wage order reporting period where wages were reported, then the wage rate paid in the most recent annual wage order reporting period when wages were paid will be the prevailing wage rate for that occupational title in that locality;

FISCAL DESCRIPTION (continued)

(iii) If wages were not reported for an occupational title within the previous six annual wage order reporting periods, the Department must examine hours and wages reported in all adjacent Missouri counties during the same periods. The most recent reported wage rate in a given wage order period in the adjacent Missouri county with the most reported hours actually worked for that occupational title in the wage period during the previous six annual wage order reporting periods will be the prevailing wage rate; or

(iv) If no wages were reported for an occupational title within any adjacent Missouri county within the previous six annual wage order reporting periods, then the rate paid pursuant to the current collective bargaining agreement will be the prevailing wage rate for that occupational title in that locality; and

(6) Specifies that only annual wage orders for an occupational title based on the number of hours worked under a collective bargaining agreement can be altered once each year. Currently, any annual wage order for an occupational title in a locality may be altered once each year.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Elementary and Secondary Education
Department of Labor and Industrial Relations
Office of Administration
 Division of Facilities Management, Design and Construction
Department of Conservation
Department of Transportation
Colleges and Universities
 Kansas City Metropolitan Community College
 University of Central Missouri
 University of Missouri System
 Linn State Technical College
 Missouri State University
St. Louis County

Not Responding:

Department of Transportation



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Acting Director
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